DRAFT

PERFORMANCE ASSURANCE PLAN

VERIZON ILLINOIS

Verizon Proposed Performance Assurance Plan for the State of Illinois

Verizon Illinois proposes to implement the FCC Carrier-to-Carrier Performance Assurance Plan as is applies to the State of Illinois . The plan in its entirety, including the measures, standards, statistical methodologies and incentive would be applied in Illinois with the incentive payments redirected to the CLECs operating within the State of Illinois, and purchasing services from Verizon Illinois. The FCC Carrier–to-Carrier Performance Assurance Plan begins its first “Performance Year” in the month of April 2001, and Verizon Illinois proposes to also implement this plan as it applies to the State of Illinois beginning in April 2001. Under the methodology in the plan, the first calculation of any penalties due would be after the June performance month. These results would be reported by July 25th with penalties due within 30 days following the reporting of results. The measures in the plan cover a comprehensive range of processes in Preordering, Ordering, Provisioning, Maintenance, Network Performance and Billing. The incentives in the plan are designed to increase with increasing number of metrics that fail to meet their standard, with the increasing absolute difference between the Verizon Illinois performance and the standard and with the increased number of affected units or “occurrences”. Verizon and the Chief of the Common Carrier Bureau jointly review the Verizon measurements on a semi-annual basis, to determine whether measurements should be added, deleted, or modified. Verizon Illinois will notify the Illinois Commission of these changes within 30 days of implementation in the FCC plan for implementation in Illinois

Incentive CAPS

As discussed in this report, Verizon Illinois is voluntarily offering to adopt the FCC Carrier-to-Carrier Performance Assurance Plan as it applies to the State of Illinois, as the performance assurance plan for the State to fulfill Merger Condition #2. This includes adoption of the plan’s measures, standards, incentive amounts, incentive caps, and methodology to determine performance misses and payments. If Verizon voluntarily offers to adopt the FCC Carrier-to-Carrier Performance Assurance Plan as a State approved plan within the Verizon service areas, with greater incentive caps than those in Attachment A-6 of the FCC Plan for the corresponding state and it is approved for implementation, Verizon Illinois will notify the State of Illinois..

Incentive payments and allocation

Although Verizon Illinois had suggested a method for allocating any incentive amounts due to the CLECs under the Performance Assurance Plan, the parties did not reach an agreement on the allocation methodology prior to the conclusion of the collaborative. In the interim, as an alternative Verizon Illinois suggests placing the total incentive amount due in an escrow account until a mutually agreed upon method of allocation can be determined. If an escrow account were to be created, any payments due to a individual CLEC from escrow should first be applied to any outstanding balances that CLEC has with Verizon Illinois, and only if the payments exceed any outstanding balances, should any payments be made to the CLEC.

Proposed Incentive Payment Allocations to the CLECs

Total incentive amounts due under the plan will be determined as described in the attached FCC Carrier-to-Carrier Performance as they would apply to the State of Illinois. These calculations, as described in the plan, are at the industry level. Once the total amounts are determined, the allocation of the dollars among the specific CLECs is described below for the different types of measures. Any payments made under the plan will be issued only in the amounts by which the payments exceed any balance due to Verizon Illinois from the CLEC.

Preorder and Billing measures have "per measure" incentive amounts designated in the plan.

?? For each of these measures where Verizon IL does not meet the performance standard defined in the plan for three consecutive months, the incentive amount will be allocated among the affected CLECS proportionally by each CLECs share of lines service at the end of the period being measured. An affected CLEC in this case is one that uses the pre-ordering system that did not perform at or better than standard. For example, if the PO-1-01OSS Response Time CSR WEB GUI performed below standard for 3 consecutive months, the affected CLECs would include those using the WEB GUI interface for CSRs during the 3-month period in question. The incentive amounts would be allocated proportionately among all CLECs using WEB GUI for CSRs during that 3-month period based on their lines in service at the end of the period.

Ordering measures have "per occurrence" incentive amounts designated in the plan with the exception of OR-5, which has "per measure" incentive amounts.

?? For each of the measures with "per occurrence" incentives where Verizon IL does not meet the performance standard defined in the plan for three consecutive months, the total incentive amount for the measure is calculated using the aggregate CLEC performance and observations using the methodology defined in the plan. Once the total amount has been determined, the amount is allocated to the affected CLECs based on their individual proportion of the total aggregate observations for the measure in that 3-month period.

?? The each measure with "per occurrence" incentives where Verizon IL does not meet the performance standard defined in the plan for three consecutive months, the incentive amount will be allocated among the affected CLECs based on their individual proportion of the total aggregate observations for the measure in that 3-month period. An affected CLEC in this case is one that uses the pre-ordering system that did not perform at or better than standard. For example, if the OR-5-01 % Flow Through Total Resale performed below standard for 3 consecutive months, the affected CLECs would include those which place Resale orders during the 3-month period in question. The incentive amount would be allocated to the affected CLECs based on their individual proportion of the total Resale orders in that 3-month period.

Provisioning, Maintenance and Network Performance measures have "per occurrence" incentive amounts designated in the plan.

?? For each of the measures with "per occurrence" incentives where Verizon IL does not meet the performance standard defined in the plan for three consecutive months, the total incentive amount for the measure is calculated using the aggregate CLEC performance and observations using the methodology defined in the plan. Once the total amount has been determined, the amount is allocated to the affected CLECs based on their individual proportion of the total aggregate observations for the measure in that 3-month period.

Limitations

Verizon's agreement to measure performance consistent with the measures and business rules contained herein does not constitute an admission by Verizon of the propriety or reasonableness of establishing any performance measure or penalty. Verizon reserves the right to contest the level of disaggregation for the purpose of assessing penalties. Verizon also reserves the right to view any penalties resulting from this plan as liquidated damages that are the exclusive remedy for any failure of performance by Verizon.

The performance measures contained in the Carrier to Carrier Plan and the remedies for failure to perform as outlined in the Performance Assurance Plan are intended to be Verizon's sole measurement and remedy obligations to any carrier unless that carrier and Verizon are parties to a current interconnection agreement containing performance measures and remedies. In such a case, Verizon will honor the terms of the interconnection agreement pertaining to performance measures and remedies *or* will provide measurement and remedies to the carrier as outlined in the Carrier to Carrier Plan and the Performance Assurance Plan. A carrier that is party to an existing Verizon interconnection agreement containing performance measures and related remedies will be allowed to choose benefits under either the terms of the interconnection agreement or consistent with the terms herein, but in no case shall that carrier be permitted to select benefits from both the plans reported herein and the interconnection agreement. Nothing in this plan should be construed to obligate Verizon to provide duplicate measurements or to pay duplicate penalties.